

November 22, 2010

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Re: U.S. and Illinois v. Chemetco, 00-670 and 00-677

Greetings:

We are concerned that implementation of the Demolition Plan has been plagued by communication, or lack of communication, issues. We wish to rectify this matter as soon as possible as set forth below.

The source of the unease seems to stem from the failure of the Demo Work Plan to specifically identify an individual as Supervising Contractor as required by Paragraph 12.a of the Interim Order. There was some e-mail traffic from Bryan Stone reporting that IAD had acted as Supervising Contractor for the Estate in the preparation of certain plans or revisions while creating the impression that he would be the point of contact for implementation of the Plan. There was no formal designation of IAD as the Supervising Contractor. Such designation would not be acceptable because IAD has not registered to do business in Illinois as a foreign corporation and the Interim Order really contemplated an individual would fill that role. The experience so far in the implementation of that order bears out the necessity for an individual rather than an entity. Accordingly, please ask the Trustee to designate an individual as the Supervising Contractor by December 3, 2010.

Reporting of work done under the Demo Plan has been spotty. Paragraph 34.a of the Interim Order requires the Trustee (and not the Supervising Contractor) to submit written progress reports and spells out what information should be included. This serves the dual purpose of informing the State about what is going on and assuring the Trustee is properly monitoring all activities. It is our understanding that Jorge Garcia is the Trustee's point man for this but there have been suggestions he may not be getting all of the

information he needs.

Paragraph 34.b required that the frequency of the progress reports should be spelled out in the applicable work plan. The Demo Plan lacks that required detail. There has also been a gap in the submission of reports but that appears to be better now. Accordingly, please confirm in writing by December 3, 2010 that Jorge Garcia will be submitting weekly progress reports containing the information required by Paragraph 34.a on a weekly basis.

Pilot Plant operations include the small-scale, batch-processing plant that is in the former Brick Shop and a laboratory in the north wing of the administrative building. We have not received any bi-weekly progress reports on the Pilot Project since September 14, 2010. Again, please confirm in writing by December 3, 2010 that Jorge Garcia will be submitting these progress reports containing the information required by Paragraph 34.a on a bi-weekly basis.

Also, designation of the Chemical Hygiene Officer overseeing laboratory operations and a copy of the laboratory's Chemical Hygiene Plan must be provided to Illinois Environmental Protection Agency and U.S. Environmental Protection Agency. The Chemical Hygiene Plan documents the procedures and schedules for handling waste management, inspections, Material and Safety Data Sheets, and safety, among other laboratory/industrial operational and health topics. Please provide this information by December 10, 2010.

As we have discussed before, we also want to be sensitive to the possibility that responsible parties subject to requests for cleanup or for past costs may contend that work done under the Interim Order may be exceeded by the value received for scrapped/recovered material. We believe a quarterly meeting to review the financial information is in order to foreclose such contentions. I suggest we look at holding the first such meeting early in December. What dates would be good for you?

If you have any questions, please call me at 217-524-7506. Thanking you in advance for your cooperation,

Sincerely,

James L. Morgan
Assistant Attorney General
Environmental Bureau/Springfield

Cc: Michelle Kerr
Tom Martin
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Chris Cahnovsky